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BRITISH FARMERS AND THE FISCAL QUESTION.

BY WILLIAM E. BEAR.

To American farmers, who cannot see the arrival in their country of a few cargoes of potatoes in seasons of scarcity, without making an outcry against "competition with European pauper labor," although they are protected by a duty of twenty-five cents per bushel of sixty pounds, or 38s. 10d., per English ton, it must seem strange that their fellow farmers in Great Britain submit quietly to the unrestricted competition of the whole world. As a matter of fact, there is no "pauper labor" in Scotland, whence the supply of potatoes when the crop is short in the United States is occasionally obtained, and it may even be questioned whether the average income of a farm laborer and his family throughout Great Britain is not greater than that of half the farmers of North and South America. On the other hand, British farmers are called upon to meet the competition of millions of half-starved growers of farm produce in Europe, of vast multitudes of Indian ryots who live on about six cents per day, and of occupiers of land obtained for nothing or at very low prices and almost free from taxation in North and South America and Australasia. Yet, while generally recognizing the fact that the agriculture of the United Kingdom has been half ruined by foreign and colonial competition, the farmers are not by any means unanimous in their desire for a change in the fiscal policy of the country. So far as England alone is concerned, there is abundant evidence to show that the great majority of farmers would welcome such a change; but not a few, even in that division of the kingdom, are distinctly adverse to it, while others are indifferent concerning it. That this division of opinion would not exist to an important extent if there were

any prospect of substantial duties on farm products is more than probable; but there is a common conviction that the nation will never agree to taxes on imported food sufficiently high to compensate certain sections of agriculturalists for the disadvantage of duties on commodities that they purchase, and this renders some farmers antagonistic to the disturbance of the existing system, and others doubtful as to its desirability.

By driving grain crops to a great extent out of cultivation, one-sided Free Trade has diverted agricultural enterprise largely into other branches of production, and particularly into the supply of milk to the cities and towns, at present the mainstay of a large proportion of British farmers. Now, there is no foreign competition worth mentioning in the supply of fresh milk; numerous attempts to convey it from the Continent of Europe to British markets having failed to prove remunerative. Therefore, milk-sellers would have nothing to compensate them for any advance in the prices of feeding-stuffs brought about by duties on grain. It is true that such a trifling duty as has been suggested on other kinds of grain than maize would not materially raise prices, while the proposed extra duty on flour would encourage home milling, and thus render grain offals more plentiful than they are at present. But any advances on the kinds of grain taxed would affect the prices of all feeding-stuffs to some extent, and men who do not sell grain, but buy it and other feeding-materials, are apprehensive of an immediate disadvantage from small duties in the first instance, and of possible increases hereafter.

Other farmers who formerly grew grain crops largely, or who have succeeded former growers, direct their enterprise mainly to the breeding or feeding of live stock, and many of them either produce no grain at all, or grow less than they consume, so that they are adverse to the taxing of it. Producers of butter and cheese in many cases are also buyers rather than sellers of grain, and some of these men likewise are disposed to fear that a change in our fiscal system might be disadvantageous to them. Those of them who are of a different opinion hope that sufficient duties on imported live stock, meat and dairy produce to over-balance any increases in the prices of feeding-stuffs may some day be imposed.

That the changes in the farming of land in the United King-

dom rendered necessary by Free Trade have been impoverishing in a very high degree there is no doubt whatever. Since 1875, shortly before agricultural depression became severe, over four million acres of arable land, or more than one-twelfth of the total area in crops and grass, have been converted into permanent pasture. Such a conversion could have been made advantageous to the country only by a tremendous augmentation in the numbers of live stock, and the only increases up to 1906 are 289,891 horses, 1,529,168 cattle and 85,573 pigs, against which there is to allow for a decrease of 4,281,913 sheep. Arable land has gone out of cultivation simply because it ceased to pay, and the diversions from grain-growing have occurred in order to stave off ruin. The decrease in wheat alone is over 2,000,000 acres. It is not difficult to account for the decrease in the cultivation of grain crops. In the five years ended with 1875 the official average prices per quarter of eight bushels were 54s. 8d. for wheat, 39s. 5d. for barley and 26s. 3d. for oats; whereas, in the five years ended with 1906, they were 28s. 3d., 23s. 10d. and 17s. 11d. Oats alone, as grown largely for consumption on farms, have held their ground.

Farming paid none too well in 1875; but rents and some other expenses have been greatly reduced since that year, so that a considerably lower level of prices than that of the higher of the two sets just given would suffice to restore the lost arable area. Probably that restoration would be effected if, one year with another, wheat made 40s. per quarter, barley 30s. and oats 20s. Somewhat high duties on imports, however, would be needed to maintain the cereals at such a level of prices, and at the present time there is no such appreciation of the importance of agricultural prosperity to the country as would be necessary to induce the nation to agree to the necessary imposts. It is true that great concern is expressed in reference to what is called the "exodus" of the rural population to the towns, as indicated by the census figures; but the fanatical dread of any increase in the cost of food overrides all considerations of even the stamina of our population, which is being undermined by the excessive migration referred to. The last census, so far as can be gathered from its faulty and changed classification, shows a decrease of males engaged in agriculture in the United Kingdom in the twenty years ended with 1901 amounting to 10.24 per cent.

The decrease is entirely that of agricultural laborers, due to the necessary economy of labor on farms, the number of farmers having been about stationary.

“Perish agriculture, so long as our people can get cheap food,” is virtually the cry of the opponents of fiscal reform, and so long as this policy is maintained, farmers will have little to hope from any change in that direction. It is true that some spokesmen of the Free Food party have the hardihood to contend that the depression in agriculture is not the result of Free Trade on the ground that prices were generally well maintained for many years after the repeal of the Corn Laws in 1846. But they ignore important facts bearing upon the case. The great famine in Ireland took place in 1847, after a very bad harvest in the United Kingdom, and there was another serious deficiency in 1849. Grain prices were very low for the times from 1849 to 1852, inclusive, and farming was seriously depressed. By 1853, however, the gold discoveries in California and Australia had begun to inflate prices, and the Crimean War sent them up enormously in 1854, keeping them high for two years longer. In 1857 the Indian Mutiny took place; in 1861 the American Civil War began, to last for four years; there were European wars in 1866; and the Franco-German War occurred in 1870 and 1871. After 1873 grain prices fell rapidly. For fifty-six years before the repeal of the Corn Laws wheat had been under 50s. per quarter in only six years; whereas, during the last twenty-one years it has been below 30s. in eleven years, and only twice over 35s.

It is perfectly true that agricultural depression was severe on several occasions when very high Protectionist duties were imposed, in consequence of various conditions which it would be out of place in this article to explain in full. The abominations of our old Poor Laws were partly accountable, and excessive rents for land had much to do with the misfortunes, while the fact that they occurred at a time when the United Kingdom often produced more grain than was needed for home consumption has also to be borne in mind.

As the United Kingdom is the only country with important markets to admit imports free of duty, the surplus products of the whole world to a great extent are shipped to our ports. Many foreign producers get remunerative returns for what they sell

in their own markets, so that they can afford to undersell British producers in British markets. Certain of a sale for their surplus in this country, they can safely grow all that their land will produce without the fear of loss, an advantage which British producers do not share. Moreover, in using the markets of Great Britain, they are exempted from the heavy taxation levied upon British producers for the defence of the country, for the maintenance of a police force, for the upkeep of good roads, and for other channels of expenditure necessary to the peaceable, safe and convenient marketing of goods, while in addition they get preference rates on our railways. This is not free trade; it is preference trade in favor of the outsider.

Grain, flour, cattle, sheep, meat, dairy produce, hay, straw, vegetables, fruit and flowers from foreign countries and British colonies swamp the markets of the United Kingdom, fresh milk being the only product of the farm not subjected to an unfair competition which renders the profit of farming the most miserable pittance.

There is a great desire among British politicians and others for the multiplication of small holdings for agricultural laborers and other men who desire to make a living on the land, and great pains have been taken to coddle the small-holdings system. But the returns from land are so miserably small that a small holder, as a rule, has proverbially to do the work of two men for the earnings of one. Men of exceptional shrewdness, industry and thrift do better than this; but not a few fail utterly. In short, under existing conditions large and small cultivators of the soil alike find it difficult to "make ends meet."

Moreover, the financial pressure upon farmers continues to increase, in consequence of the annual passing of measures of bastard socialism which add to the already distressing burden of the rates, mainly paid in rural districts by the occupiers of land. At the time of writing Bills for the multiplication of small holdings in England and Scotland, respectively, are passing through the House of Commons, and both provide for the compulsory taking of land from farmers to divide into small holdings, while the English measure proposes to charge the expenses of administering the scheme and any losses that may occur upon the rate-payers. In other words, if not saved from spoliation by the House of Lords, Scottish farmers holding over 150 acres

will be liable to leave an indefinite proportion of their means of living, and English farmers of any acreage a part, or even the whole, in order to set small holders up in business, while the latter may be called upon to pay heavily for the carrying out of an undertaking by which they will be wronged.

It would be outside the limits of the subject under notice to describe at length other provisions of these oppressive measures, one of which would empower public authorities to acquire land from owners in England by compulsory hiring at rents fixed by an official arbitrator, while in Scotland a Land Court would be authorized to order any owner of land to let portions of it with fixity of tenure at rents valued by the Court to small holders selected by official commissioners. These facts are mentioned in order to show how little consideration the great majority now in power in the House of Commons pay to the rights of land-owners and farmers.

If small holdings are multiplied to the extent desired by the Government, there will infallibly be a disastrous failure among old and new small holders alike, as the majority of those who now hold not over fifty acres—over two-thirds of the occupiers of land in Great Britain—pay their way only by selling their produce directly to consumers. As it is, the competition among them for customers is severe enough, and it is obvious that if they were doubled in number, in the course of a few years, there would be far too many of them in proportion to the number of their customers.

From one point of view this proposed multiplication of small holders of land is intimately connected with the fiscal question; for when these little farmers find how poor a living they can obtain from the land, they will almost certainly clamor for protection as the only means of saving them from ruin. That they would be supported in such a demand by the great majority of English farmers there is no doubt, as the Central Chamber of Agriculture, consisting mainly of delegates from provincial Chambers, representing nearly the whole of England, has passed a resolution in favor of Mr. Chamberlain's scheme of fiscal reform, while no chamber affiliated to the central institution has declared against it. In Scotland, where the farmers are mainly producers of meat, milk and cheese, fiscal reformers obtain less support.

As to Irish farmers, it can be stated on good authority that they generally desire Protection, and that, in private conversation, they make no secret of their sympathy with Mr. Chamberlain's proposals. But they are held in leading-strings by their Parliamentary representatives, who, with a few other public men, act as their spokesmen; and by these men, or the great majority of them, everything is subordinated to Home Rule and hostility to the Unionist Party, of which Mr. Chamberlain is a prominent leader. Therefore, the sympathy of Irish farmers with that politician's proposals have very little chance of public expression. When the process of converting them into owners of their farms has been completed, it is probable that they will no longer submit to be gagged on this subject.

It has been reasonably suggested that the farmers of the United Kingdom can hardly feel any great enthusiasm in relation to Mr. Chamberlain's scheme, unless they regard it as "the thin edge of the wedge." He has not pinned himself to details at all precisely; but his provisional proposals consist of a duty not exceeding 2s. per quarter of eight bushels on grain, excepting maize; a higher duty in proportion on flour; a duty of five per cent. *ad valorem* on meat (excepting bacon), dairy produce, poultry, eggs, vegetables and fruit; and duties varying in proportion to the amount of labor involved in their production, but averaging ten per cent. on manufactured goods. Presumably fat cattle and sheep would be reckoned as meat. These duties would apply to imports from foreign countries, while there would be preference in favor of imports from British colonies. To compensate consumers for any possible rise in the cost of food caused by the duties, Mr. Chamberlain proposes substantial reductions in the duties on tea and sugar, and possibly on tobacco.

It is obvious that the duties would not directly benefit home producers unless they raised prices, and, as there have been variations much greater than 2s. per quarter in the prices of grain without affecting our supplies, the probability is that this small duty would not have any considerable effect. During the last decade the annual average price of wheat has varied from 23s. 1d. to 34s. per quarter, and imports were well maintained at the lower price. Probably the world's wheat area would have been contracted if the price had remained at the lower level for three or four years; but the acreage continued to increase in

the five years ending with 1903, when the range of yearly averages was 25s. 8d. to 26s. 11d. Last year the average was 28s. 3d., and if sellers of foreign wheat had then had to pay 2s. in duty, the return would still have been greater than it was in 1902, 1899, 1896, 1895 or 1894. A duty of six cents per bushel, in all probability, would not induce growers in the United States, Argentina or any other large exporting country to reduce their acreage of wheat, or even check its expansion; and unless the area ceased to advance in proportion with the world's population of wheat consumers, there would be no reason to expect a rise in price.

But if the proposed duty would not raise the price of wheat, what advantage to our colonies would there be in the proposed preference? By inducing them to grow more wheat for a time, the preference, indeed, might prove injurious to them by lowering the price of wheat.

That the British Empire could feed its people there is no doubt; but it is equally certain that such a result will not be attained with prices for foodstuffs as low as they have been in recent years. At such prices wheat production, even in Canada, has increased very slowly, the gain in Manitoba and the Northwest having been partly balanced by a reduction in Ontario. It has grown even more slowly in Australia, where frequent droughts render it a hazardous enterprise; and in New Zealand, the only country besides the Netherlands which grows about as much wheat per acre as Great Britain, the area has been reduced.

The only benefit which British farmers would have reason to expect from a 2s. duty on wheat would be a reduction of taxation, in consequence of the handsome revenue which the duty would produce.

An extra duty on flour, as already explained, would benefit farmers in the United Kingdom by increasing the supply of milling offals; but the case of barley is similar to that of wheat, our markets having been repeatedly flooded with foreign barley while the average price in this country was more than 2s. per quarter lower than it has been in other years. On oats the proposed duty would be much higher in proportion to price than in the case of either wheat or barley, and it is probable, therefore, that the impost would be in part paid by the British consumer.

A tax of five per cent. on foreign meat, excluding bacon, would average less than one farthing per pound. On cheese also it would be barely one farthing per pound, as a rule, while on butter it would be only about a halfpenny per pound. As greater differences in prices have failed to affect the almost constant increase in imports of these commodities, or at least of meat and butter, there is no reason to expect that the duty would raise prices. The same remarks apply to vegetables and fruit.

On the other hand, duties on manufactured goods, including agricultural machines, averaging ten per cent., would almost certainly raise the prices of such commodities, including, of course, those of home production; and it is not unlikely that British farmers would lose more by this advance than they would gain by the duties on farm produce. But the revenue derived from the duties on all the articles would be a sum sufficiently great to allow of a substantial reduction in the taxation of the people of all classes.

Mr. Balfour's proposal of power to the Government to impose duties on imports from any country in retaliation for a high tariff on British exports, and to facilitate arrangements for reciprocity, has not received much attention from farmers, so far as can be judged from the proceedings of their associations. This is not surprising, because, while British farmers are not exporters to any very considerable extent, Mr. Balfour, in the first instance, pandered to popular prejudice by repudiating all intention of putting duties on food. The repudiation was illogical, as the power of treating for reciprocity with such countries as the United States, Russia and Argentina would be insignificant if retaliation could not be threatened in relation to exports of food from those countries. Recently, however, Mr. Balfour has come more into line with Mr. Chamberlain by admitting that the taxation of food might be advisable under certain circumstances.

But if any definite scheme of taxing imports of manufactures, without putting any duties on imports of agricultural produce, should ever be put forward, it would receive plenty of attention from British farmers, as they would rise in indignation against such an outrageous injustice. It is not by any means certain, however, that they would not derive more direct advantage from a reasonable and extensive campaign in favor of reciprocity than

they would obtain from the operation of Mr. Chamberlain's proposals, apart from retaliatory discrimination. It is true that Mr. Chamberlain, in his speeches, has often hinted at retaliatory measures; but his plan of preference to the colonies, if realized, would to a great extent reduce the power of treating for reciprocity. For example, in such treating with the United States, preference to Canada would be a serious obstacle to a satisfactory arrangement, and might prove an insuperable impediment. British negotiators would be weak enough in treating with the United States, if prohibited from taxing food heavily, if necessary to successful negotiation, without the additional disadvantage of colonial preference. On the other hand, they would occupy a position of great strength, if free from both these handicaps. For, taking the average values for five recent years, over 62 per cent. of American exports are found to have consisted of products of agriculture, mainly food, and 40.7 per cent. of the total exports of the United States have been shipped to the United Kingdom.

Again, it may well be asked, what would become of colonial preference if any great commercial or agricultural country, now maintaining a high tariff against the United Kingdom, should be induced to agree to reciprocity to the extent of complete Free Trade? The nation would not stand the maintenance of Protection merely for the sake of giving preference to the Colonies, and yet if such countries as the United States and Argentina could be induced to trade freely with the United Kingdom, any value inherent to preference to Canada, for example, would be almost entirely annihilated.

British live stock, beef, mutton, bacon, hams, certain kinds of cheese, outdoor fruit, hothouse fruit and flowers, and potatoes are of exceptionally high quality, and would find markets in many countries, if it were not for the high wall of hostile tariffs, relieving the frequently glutted home markets, and thus raising the prices of products sold for home consumption. This aspect of the fiscal question has been almost entirely ignored; but its consideration justifies the opinion to the effect that British farmers would have a better prospect of substantial advantage from the operation of a policy of retaliation conducing to reciprocity with foreign countries, without preference to our Colonies, than from Mr. Chamberlain's scheme.

Mr. Cobden's great movement in favor of Free Trade was begun and carried to a successful issue under the supposition that all other countries would follow the example of the United Kingdom. How utterly that idea has been falsified by experience it is not necessary to state. If it had been realized, there would not be any fiscal question in the country at the present time; for there is hardly any room for doubting that Free Trade throughout the world would have been in the past, as it would be for the future, the most prosperous of all conditions for the nation at large. Nearly sixty years of trial must be regarded as affording conclusive evidence that it will never be brought about by example. It is not too much to say, indeed, that this Quixotic example is the greatest hindrance to the realization of the ideal state of commerce; for, so long as the United Kingdom, with sublime absurdity, maintains a policy of preference against itself and in favor of all other countries they will not throw away the generous gift.

On the other hand, trade with the United Kingdom is of such transcendent importance to other countries that there is good reason to believe that the operation of a firm policy of reciprocity, backed by retaliation in fiscal arrangements when necessary, would lead up steadily towards Free Trade between this country and all others, and ultimately, it may be hoped, to the like system of commerce between the other countries themselves.

In the mean time, as the necessary basis of treating, a substantial tariff, most of all on food products, should be framed. If it failed to produce the desired result, it would at least be better than one-sided Free Trade for agriculturists and all other producers in the United Kingdom, including workmen as well as employers, as the home trade would be vastly developed; and the great revenue derived from customs duties would give relief to all taxpayers, whether producers or not. On the other hand, if, in course of time, the proposed policy should lead up to Free Trade throughout the world, farmers must be prepared to take their chance of results with other producers. The prosperity of the masses of the population in that event would be so great that farmers would probably be compensated for having once more to encounter a world-wide competition; or, if not, the country would be well able to afford arrangements for maintaining the well-being of the agricultural population.

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